SUPREME COURT, U. S.

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1970

No. 1053

FOSTER WHEELER CORPORATION,

Petitioner,

—v.—

THE BABCOCK & WILCOX COMPANY,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

BRIEF FOR RESPONDENT IN OPPOSITION

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Question Presented

Was the grant of pre-trial discovery of documents under Rule 34 F.R.C.P., and the enforcement of subpoenas ad testificandum under Rules 26 and 30 F.R.C.P., a proper exercise of the District Court's power and jurisdiction under 35 U.S.C. §24 during the testimony (trial) period in a pending interference before the United States Patent Office even though the Patent Office rules nowhere provide for discovery in such proceedings?

Argument

This case fails to present a compelling need for this Court to exercise its power of supervision since there is no conflict between decisions of Courts of Appeals on the matter of availability of discovery in a patent interference proceeding. The Opinion below conforms to the settled law, in the five circuits that have considered the question.

Whether the sought-after discovery is "premature" is a moot question, for respondent, The Babcock & Wilcox Company (B&W), seeks discovery only during the testimony (trial) period. The discovery of pre-trial evidence relates, in the main, to whether the Foster Wheeler Corporation (FW) invention was derived from B&W's invention, i.e., possible fraud on the Patent Office; and now, during the "testimony period" (Patent Office Rule 251, App. D. of Petition, p. 23), is the last possible opportunity for such discovery before actual trial of the case. Surely it would be folly to permit discovery only during the actual trial proceedings.

I.

There Is No Conflict of Decisions

Every Court of Appeals that has considered the right to discovery under 35 U.S.C. §24, *within the testimony (trial) period of an interference proceeding,* has ordered discovery. *In re Natta,* 410 F.2d 187, 192 (3rd Cir. 1969); *Natta* v. *Zletz,* 405 F.2d 99 (7th Cir. 1968); *Babcock & Wilcox* v. *Combustion Engineering Inc.,* 159 U.S.P.Q. 762, 763 (D. Conn. 1968), aff'd memo 167 U.S.P.Q. 65 (No. 32974, 2d Cir. Nov. 21, 1968); *Natta* v. *Hogan,* 392 F.2d 686 (10th Cir. 1968); *In re Natta,* 388 F.2d 215 (3rd Cir.

1968); *Natta* v. *Zletz*, 379 F.2d 615 (7th Cir. 1967); and *Gladrow* v. *Weiss*, 354 F.2d 464 (5th Cir. 1965).

Phillips Petroleum Co. v. *Brenner*, 383 F.2d 514 (D.C. Cir. 1967), is not to the contrary and does not relate to "discovery". That case dealt with finality of an administrative ruling and held merely that a Patent Office ruling denying a former party to an interference (later considered a stranger to that controversy) access to trial testimony in that interference was not reviewable pending final agency action. There is no interlocutory agency decision involved here.

Nor does the alleged "obvious conflict between the courts and the Patent Office" as to who controls discovery exist, for the Patent Office has recognized that whether or not discovery is permitted under the provisions of 35 U.S.C. §24 is within the sole jurisdiction of the District Court. *Campbell* v. *Gilby*, 146 U.S.P.Q. 723, 725 (1965) (quoted by the Court in the Opinion below, App. A of Petition, p. 17).

Just as in any trial, Patent Office procedures for taking evidence in the trial of an interference; the order of testimony and the scope of inquiry permitted in such a proceeding are distinct from pre-trial discovery of evidence. While the former is governed by the Patent Office Rules (Patent Office Rules 251, 257, 272 and 35 U.S.C. §23, App. D of Petition, pp. 32-34), the latter is not covered by such Rules and is governed solely by 35 U.S.C. §24 and the Federal Rules of Civil Procedure in the District Court. There is no indication of congressional intent to the contrary. See *In re Natta*, 388 F.2d 215, 217 (3rd Cir. 1968). The only possible basis for granting the writ would be if there was a failure to perceive the distinction between these parallel areas of responsibility.

II.

There Is No Important Question of Federal Law

The controversy involves a dispute over a narrow issue peculiar to the parties: B&W believes that FW has improperly derived the contested invention from it through the medium of a disloyal former employee, and seeks to take the testimony of the FW "inventors" (one of whom is the former B&W employee) and to have related documents produced — a completely expected and necessary search for evidence.

III.

The Decision Below Is Clearly Correct

The Order of the District Court was proper under the policy of discovery in federal litigation. The decision below comports fully with the public policy that parties in a Patent Office proceeding have "an uncompromising duty" to fully disclose all relevant facts so that the public interest may be protected. In *Precision Instrument Manufacturing Co.* v. *Automotive M. M. Co.*, 324 U.S. 806 (1945), involving a Patent Office interference in which fraudulent conduct—improper derivation of an invention—was suppressed, this Court stated:

> ". . . But it is clear that Automotive knew and suppressed facts that, at the very least should have been brought in some way to the attention of the Patent Office . . . Those who have applications pending with the Patent Office or who are parties to Patent Office proceedings have an *uncompromising duty to report to it all facts concerning possible fraud or inequitableness underlying the application in issue . . .*"

> *"Public interest demands that all facts relevant to such [interference] matters be submitted formally or informally to the Patent Office, which can then pass upon the sufficiency of the evidence.* Only in this way can that agency act to safeguard the public in the first instance against fraudulent patent monopolies. Only in that way can the Patent Office and the public escape from being classed among the 'mute and helpless victims of deception and fraud' . . ." (Emphasis Added.) (324 U.S. 818)

CONCLUSION

For the foregoing reasons the petition for a writ of certiorari should be denied.

Respectfully submitted,

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